The Bicycle Tariff

Use market data to weigh a policy's effects

WG.P.2.4 "Identify the principles of economic systems and develop an understanding of the benefits of a market system in local, national, and global settings. Evaluate economic data from charts and graphs, noting trends and making predictions..."

NAME _____ DATE _____

1 READ AND MARK

Read it twice

YOUR JOB Underline the tariff's intended benefit and circle a possible unintended cost. Draw arrows between two pairs of table values that show how the market changed.

A Choice for Luma

1 In the fictional country of Luma, bicycle shops buy from local makers and foreign suppliers. Before 2024, buyers chose among both, and sellers competed for their business. Competition can reward efficient producers with more sales and give riders more choices. Yet local factories worried that cheaper imported bikes would cost workers their jobs.

2 In 2024, Luma added a $60 tariff, a tax on each imported bicycle. Officials hoped buyers would switch to locally made bikes, supporting factory jobs. The table shows yearly sales and the average price paid for a bicycle. Domestic and imported sales total 100,000 bikes in each year, making the change in market share easy to compare.

BICYCLE SALES AND PRICES IN LUMA

Year	Domestic sales (thousands)	Imported sales (thousands)	Average price ($)
2023	40	60	300
2024	55	45	360
2025	65	35	390

3 Domestic sales rose while imported sales fell, but the average price also climbed. Local factories might gain customers, while riders may face higher costs. Foreign factories might lose orders, affecting trade beyond Luma. The table cannot prove the tariff alone caused these shifts. A careful prediction should use the trend and name another possible cause, such as rising production costs.

2 ANSWER WITH EVIDENCE

Use the passage

1. How could competition between local and foreign bicycle sellers benefit riders?

2. Compare domestic and imported sales in 2023 and 2025. How do the changes support the officials' goal, and what do they fail to prove?

3. What possible costs could riders in Luma and foreign factories face? Use the table to support at least one cost.

4. If the trends continue in 2026, what would you predict for domestic sales and the average price? Use table values and explain one reason your prediction is uncertain.

3 YOUR TURN

Your own words

Suppose Luma replaces the tariff with grants that help local bicycle factories buy faster equipment. In one paragraph, argue for or against this change. Use two table trends as context, explain one intended benefit and one possible unintended cost, and identify evidence that would test your claim.

ANSWER KEY

The Bicycle Tariff

PART 1 · READ AND MARK

Underline the tariff's intended benefit and circle a possible unintended cost. Draw arrows between two pairs of table values that show how the market changed. Accept any marking that follows this job and points at the right text.

PART 2 · ANSWERS

#	QUESTION	ANSWER
1	How could competition between local and foreign bicycle sellers benefit riders?	**Competition could give riders more choices and reward efficient sellers, which may help keep prices lower.**
2	Compare domestic and imported sales in 2023 and 2025. How do the changes support the officials' goal, and what do they fail to prove?	**Domestic sales rose from 40,000 to 65,000 bikes, while imported sales fell from 60,000 to 35,000. This supports the goal of shifting purchases to local makers, but it does not prove the tariff alone caused the changes or that factory jobs increased.**
3	What possible costs could riders in Luma and foreign factories face? Use the table to support at least one cost.	**Riders might pay more: the average price rose from $300 to $390. Foreign factories might lose orders, since imported sales fell from 60,000 to 35,000 bikes.**
4	If the trends continue in 2026, what would you predict for domestic sales and the average price? Use table values and explain one reason your prediction is uncertain.	**Domestic sales might exceed 65,000 bikes, and the average price might exceed $390. Both rose from 2023 to 2025, but changing production costs or other factors could alter the trends.**

PART 3 · YOUR TURN (SAMPLE ANSWER)

I would replace the tariff with grants for faster factory equipment. From 2023 to 2025, local sales rose from 40,000 to 65,000 bikes, but the average price rose from $300 to $390. Grants could help local firms produce bikes more cheaply while giving shoppers access to imported options. However, taxpayers would fund the grants, and some factories might take the money without lowering prices. I would compare factory costs and bike prices before and after the change to test whether shoppers benefit.

Accept different well-supported predictions and arguments. Students should treat the table as evidence of trends, not proof that the tariff caused them.